



Universal Service Administrative Company
Schools & Libraries Division

REPAYMENT/OFFSET DEMAND LETTER

June 16, 2004

John Angelides
Connect2 Internet Networks Inc.
26 Bay Street
Staten Island, NY 10301 2603

SPIN: 143007419
Applicant Name IMMACULATE CONCEPTION SCHOOL
Billed Entity Number: 10473

Dear Service Provider Contact:

You were recently sent a Commitment Adjustment Letter informing you of the need to recover funds for the Funding Request Number(s) (FRNs) listed on the Option Selection Worksheet attached to this letter. The Federal Communications Commission (FCC) by its Order FCC 00-350 (released October 26, 2000) has directed the Universal Service Administrative Company (USAC) to implement the funds recovery process from service providers who received erroneous funding amounts. Listed below are the options available to you to return the total 'Funds to be Recovered' amount as specified on the Commitment Adjustment Letters you have been provided.

You may choose one of three options:

1. Remit to USAC the stated 'Funds to be Recovered' amount, within 30 days of the date of this letter,
2. Offset the stated amount owed to USAC by foregoing disbursement on alternate valid funding commitments or pending funding requests for the same applicant for the same or alternate funding year, or
3. A combination of the above two methods. The sum must equal the required recovery amount.

- If you select the cash payment option (# 1), please make your check payable to: "USAC - Fund Recovery" and remit the full "Funds to be Recovered" amount.
- If you select the offset option (# 2), USAC will offset the first submitted invoices, regardless of the alternate FRNs to which they apply, against the USAC recovery amount. You will be notified that the invoices have been approved and the funds have been credited as an offset. Once the USAC recovery is satisfied, any additional invoices submitted will be processed as normal, subject to remaining availability of funds for each FRN.

- If you select the combination option (#3), please indicate the amount of cash payment and make your check payable to: "USAC – Fund Recovery." The difference between the dollar amount remitted and the total "Funds to be Recovered" amount due to USAC is the remaining amount to be recovered by foregoing disbursement on alternate FRNs after work is completed and invoices are submitted to USAC. The sum of both options must equal the required recovery amount.

If an offset methodology is selected either via Option 2 or 3 above, the following examples may help you understand how USAC will process submitted invoices to ensure accurate and timely recovery of funds. The offset methodology will apply to either Service Provider Invoice Forms (FCC Form 474) or Billed Entity Applicant Reimbursement (BEAR) Forms (FCC Form 472).

Example illustrates processing of invoices that exactly offset the recovery dollar amount:

Adjusted FRN and Recovery Dollar Amount	Alternate FRN and Available Dollar Amounts	Invoices Submitted SPIF or BEAR	USAC Applies to Recovery	USAC Pays
123 \$1,000	124 \$1,500	\$300	\$300	-0-
	125 \$ 800	\$400	\$400	-0-
	126 \$1,200	\$300	\$300	-0-
Total \$1,000	\$3,500	\$1,000	\$1,000	

Example 2 illustrates how invoices can be processed once the FULL amount of the recovery has been obtained:

Adjusted FRN and Recovery Dollar Amount	Alternate FRN and Available Dollar Amounts	Invoices Submitted SPIF or BEAR	USAC Applies to Recovery	USAC Pays
123 \$1,000	124 \$1,500	\$600	\$600	-0-
	125 \$ 800	\$800	\$400	\$ 400
	126 \$1,200	\$1,200	\$0	\$1,200
Total \$1,000	\$3,500	\$2,600	\$1,000	\$1,600

Please review the attachments **complete the Option Selection Worksheet, and return it within 30 days of the date of this letter.** An instruction sheet has been provided as well as a listing of alternate FRNs with valid or pending funding commitments available for offset.

If you have any questions, please call 1-888-203-8100, and ask for the Technical Client Service Bureau. These specially trained staff can assist you with this process.

Universal Service Administration Company
Schools and Libraries Division

Attachments

CC: Sarah Iversen
IMMACULATE CONCEPTION SCHOOL
378 E 151ST ST
BRONX, NY 10455 2603

INSTRUCTIONS FOR:

**SERVICE PROVIDER
"OPTION SELECTION WORKSHEET"**

1. Check Repayment option

- If you are choosing Option 1 or 3

Return within 30 days of the date of this letter:

The completed, signed Option Selection Worksheet with
your check to the appropriate address identified below:

If sending by US Mail or major courier service (e.g. Airborne,
Federal Express, and UPS) please send check payments to:

Universal Service Administrative Company
1259 Paysphere Circle
Chicago, IL 60674

If you are located in the Chicago area and use a local messenger
rather than a major courier service, please address and deliver the
package to:

Universal Service Administrative Company
Lockbox 1259
540 West Madison 4th Floor
Chicago, IL 60661

Local messenger service should deliver to the Lockbox Receiving
Window at the above address.

- If you are choosing Option 2:

Return the completed, signed Option Selection Worksheet **within 30 days of the date of this letter to:**

Box 125, Correspondence Unit,
80 South Jefferson Road,
Whippany, New Jersey 07981

2. Indicate the amounts for the recovery option you have chosen.
3. **Sign and date** the Worksheet where indicated.

OPTION SELECTION WORKSHEET

Case Number: OSW- 124

SELECT PAYMENT OPTION AND AMOUNTS FOR RECOVERY:

Applicant Name: IMMACULATE CONCEPTION SCHOOL
Applicant Address: 378 E 151ST ST, BRONX, NY 10455 2603
Billed Entity Number: 10473

ERRONEOUSLY DISBURSED FUNDS:

<u>Funding Year End</u>	<u>471 #</u>	<u>FRN</u>	<u>Funds to be Recovered</u>
06/30 2000	145391	235038	\$16,065.00
Total Funds to be recovered for this applicant:			<u>\$16,065.00</u>

Check one repayment option and specify dollar amount:

1. ☐ Remit check for total amount
2. ☐ Offset total amount from FRNs
3. ☐ Combination check and offset

TOTAL TO REMIT: \$ _____

TOTAL AMOUNT TO OFFSET: \$ _____

TOTAL AMOUNT OF RECOVERY: \$ _____

(Must equal the total amount to recover stated above)

Signature of Authorized Representative _____
Print Name of Authorized Representative _____
Name of Service Provider _____
Date _____

SCHEDULE OF ALTERNATIVE VALID FRNs AVAILABLE FOR OFFSET

Applicant Name: IMMACULATE CONCEPTION SCHOOL
Applicant Address: 378 E 151ST ST, BRONX, NY 10455 2603
Billed Entity Number: 10473

Other Valid FRNs for this applicant with unpaid dollars available for Offset:

<u>Fund Year End</u>	<u>471 #</u>	<u>FRN</u>	<u>Dollars Potentially Available for Offset</u>
Total Potentially Available for Offset:			<u>\$0.00</u>
NO OFFSETS AVAILABLE.			

* The FCC directed in its October 26, 2000, Order that USAC permit service providers to choose as potential offsets pending funding requests that have not yet been featured in a Funding Commitment Decision Letter (FCDL). Therefore, the column 'Dollars Potentially Available for Offset' may include FRNs in the SLD system for which no decision has yet been issued. If so, those pending FRNs are indicated by an asterisk to the right of the requested discount. If, after SLD review is completed, any such request is reduced or denied, the potential offsets would be reduced and if total potential offsets fall below the 'Total Funds to be Recovered' shown above, the service provider will be required to remit payment for any shortfall.



Universal Service Administrative Company
Schools & Libraries Division

REPAYMENT/OFFSET DEMAND LETTER

June 16, 2004

John Angelides
Connect2 Internet Networks Inc.
26 Bay Street
Staten Island, NY 10301 2603

SPIN: 143007419
Applicant Name IMMACULATE CONCEPTION SCHOOL
Billed Entity Number: 10473

Dear Service Provider:

You were recently sent a Recovery of Erroneously Disbursed Funds letter informing you of the need to recover funds for the Funding Request Number(s) (FRNs) listed on the Option Selection Worksheet attached to this letter. The Federal Communications Commission by its order FCC 00-350 (released October 26, 2000) has directed USAC to implement the funds recovery process from service providers who received erroneous funding amounts. Listed below are the options available to you to return the total 'Funds to be Recovered' amount as specified on Recovery of Erroneously Disbursed Funds letter you have been provided.

To allow USAC to recover these funds, you may choose one of three options listed below:

1. Remit to USAC the stated 'Funds to be Recovered' amount, within 30 days of the date of this letter,
2. Offset the stated amount owed to USAC by foregoing disbursement(s) on alternate valid funding commitments or pending funding requests for the same applicant for the same or alternate funding year, or
3. A combination of the above two options. The sum must equal the required recovery amount.

Please review the attachments. **complete the Option Selection Worksheet, and return it within 30 days of the date of this letter.** An instruction sheet has been provided as well as a listing of alternate FRNs with valid funding commitments available for offset. Following are specific instructions for each option:

- If you select the cash payment option (# 1), please make your check payable to: "USAC – Fund Recovery" and remit the full "Funds to be Recovered" amount and your completed Option Selection Worksheet to the REPAYMENT ADDRESS below.
- If you select the offset option (# 2), USAC will offset the approved disbursement amounts from the first submitted invoices for the FRNs you indicated on your Option Selection Worksheet against the USAC recovery amount. You will be notified of the amounts on the invoices that have been approved and the funds have been credited as an offset. Once the USAC recovery is satisfied, any additional invoices submitted would be processed as usual, subject to remaining availability of funds for each FRN against which recovery has been processed. If you select this option, please remit your completed Option Selection Worksheet to the Whippany, NJ address indicated on the Option Selection Worksheet instructions.
- If you select the combination option (#3), please indicate the amount of your cash payment on the Options Selection Worksheet, make your check payable to: "USAC – Fund Recovery" and remit your check and your completed Option Selection Worksheet to the REPAYMENT ADDRESS below. The difference between the dollar amount remitted and the total "Funds to be Recovered" amount due to USAC is the remaining amount to be recovered as in Option 2 above — that is, by foregoing disbursement(s) on alternate FRNs after work is completed and invoices are submitted to the SLD. The sum of both options must equal the total recovery amount.

If you select either Option 2 or Option 3 above, the following examples may help you understand how USAC will process submitted invoices to ensure accurate and timely recovery of funds. The offset methodology applies to both Service Provider Invoice Forms (FCC Form 474) and Billed Entity Applicant Reimbursement (BEAR) Forms (FCC Form 472). However, if USAC offsets an amount from an alternate FRN against the recovery amount, this action does not relieve you of the responsibility for offering discounts or reimbursements to the applicant under that FRN consistent with your certifications on the BEAR Form.

Example 1 illustrates processing of invoices that exactly offset the recovery dollar amount:

Adjusted FRN and Recovery Dollar Amount	Alternate FRN and Available Dollar Amounts	Invoices Submitted (Form 472 or 474)	USAC Applies to Recovery	USAC Pays
123456 \$1,000	123457 \$1,500	\$300	\$300	-0-
	123458 \$ 800	\$400	\$400	-0-
	123459 \$1,200	\$300	\$300	-0-
Total \$1,000	\$3,500	\$1,000	\$1,000	-0-

Example 2 illustrates how invoices can be processed once the FULL amount of the recovery has been obtained:

Adjusted FRN and Recovery Dollar Amount	Alternate FRN and Available Dollar Amounts	Invoices Submitted (Form 472 or 474)	USAC Applies to Recovery	USAC Pays
123456 \$1,000	123457 \$1,500	\$600	\$600	-0-
	123458 \$ 800	\$800	\$400	\$ 400
	123459 \$1,200	\$1,200	\$0	\$1,200
Total \$1,000	\$3,500	\$2,600	\$1,000	\$1,600

Note: In the two examples above offsets will occur based when invoices are approved for payment.

REPAYMENT ADDRESS

If you elect cash repayment, you should include a copy of the first page of this letter with your payment. Your payment should be sent to:

**Universal Service Administrative
Company
135 S. LaSalle, Dept. 1259
Chicago, IL 60674 1259**

Your payment must be received **WITHIN 30 days** of the date of this letter. Failure to timely submit your payment will result in a referral to the Federal Communications Commission for appropriate action.

CC: Sarah Iversen
IMMACULATE CONCEPTION SCHOOL
378 E 151ST ST
BRONX, NY 10455 2603

INSTRUCTIONS FOR:

SERVICE PROVIDER "OPTION SELECTION WORKSHEET"

1. Check Repayment option

- If you are choosing Option 1 or 3

Return **within 30 days of the date of this letter:**

The completed, signed Option Selection Worksheet with
your check to the appropriate address identified below:

If sending by US Mail or major courier service (e.g. Airborne,
Federal Express, and UPS) please send check payments to:

Universal Service Administrative Company
1259 Paysphere Circle
Chicago, IL 60674

If you are located in the Chicago area and use a local messenger
rather than a major courier service, please address and deliver the
package to:

Universal Service Administrative Company
Lockbox 1259
540 West Madison 4th Floor
Chicago, IL 60661

Local messenger service should deliver to the Lockbox Receiving
Window at the above address.

- If you are choosing Option 2:

Return the completed, signed Option Selection Worksheet **within 30 days of the date of this letter to:**

Box 125, Correspondence Unit,
80 South Jefferson Road,
Whippany, New Jersey 07981

2. Indicate the amounts for the recovery option you have chosen.
3. **Sign and date** the Worksheet where indicated.

OPTION SELECTION WORKSHEET

Case Number: OSW- 147

SELECT PAYMENT OPTION AND AMOUNTS FOR RECOVERY:

Applicant Name: IMMACULATE CONCEPTION SCHOOL
Applicant Address: 378 E 151ST ST, BRONX, NY 10455 2603
Billed Entity Number: 10473

ERRONEOUSLY DISBURSED FUNDS:

<u>Funding Year End</u>	<u>471 #</u>	<u>FRN</u>	<u>Funds to be Recovered</u>
06/30 2000	145391	235043	\$56,173.00
Total Funds to be recovered for this applicant:			<u>\$56,173.00</u>

Check one repayment option and specify dollar amount:

1. ☐ Remit check for total amount
2. ☐ Offset total amount from FRNs
3. ☐ Combination check and offset

TOTAL TO REMIT: \$ _____

TOTAL AMOUNT TO OFFSET: \$ _____

TOTAL AMOUNT OF RECOVERY: \$ _____

(Must equal the total amount to recover stated above)

Signature of Authorized Representative _____
Print Name of Authorized Representative _____
Name of Service Provider _____
Date _____

SCHEDULE OF ALTERNATIVE VALID FRNs AVAILABLE FOR OFFSET

Applicant Name: IMMACULATE CONCEPTION SCHOOL

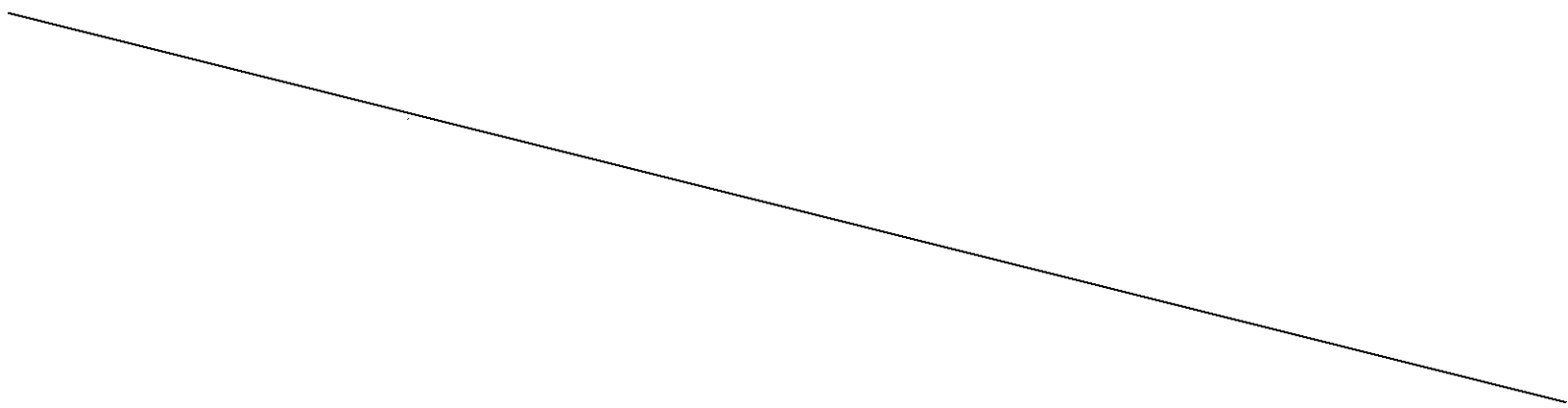
Applicant Address: 378 E 151ST ST, BRONX, NY 10455 2603

Billed Entity Number: 10473

Other Valid FRNs for this applicant with unpaid dollars available for Offset:

<u>Fund Year End</u>	<u>471 #</u>	<u>FRN</u>	<u>Dollars Potentially Available for Offset</u>
Total Potentially Available for Offset:			\$0.00
NO OFFSETS AVAILABLE.			

* The FCC directed in its October 26, 2000, Order that USAC permit service providers to choose as potential offsets pending funding requests that have not yet been featured in a Funding Commitment Decision Letter (FCDL). Therefore, the column 'Dollars Potentially Available for Offset' may include FRNs in the SLD system for which no decision has yet been issued. If so, those pending FRNs are indicated by an asterisk to the right of the requested discount. If, after SLD review is completed, any such request is reduced or denied, the potential offsets would be reduced and if total potential offsets fall below the 'Total Funds to be Recovered' shown above, the service provider will be required to remit payment for any shortfall.



**Connect2 Internet Networks Inc.
26 Bay Street
Staten Island, NY 10301 2603**



Universal Service Administrative Company
Schools & Libraries Division

RECOVERY OF ERRONEOUSLY DISBURSED FUNDS

March 31, 2004

John Angelides
Connect2 Internet Networks Inc.
26 Bay Street
Staten Island, NY 10301 2603

Re:

Funding Year 1999 -2000
Form 471 Application Number: 145391
Applicant Name IMMACULATE CONCEPTION SC
Contact Person: SISTER JOAN DANIEL
Contact Phone: 718-585-4843

Dear Service Provider Contact:

Reviews of Schools and Libraries Program disbursements occasionally reveal that funds were disbursed in error. Such discoveries may arise out of our periodic audits, attempts by applicants to reduce a funding commitment below the amount already disbursed, or other investigations resulting from our program compliance procedures. For example, funds may be disbursed in error when:

- Services were billed but were not delivered
- Services were billed in excess of the services delivered
- Services were returned but an appropriate refund to SLD was not made

The SLD has determined that the funds detailed on the attached FUNDING DISBURSEMENT SYNOPSIS were disbursed in error. This synopsis includes the specific funding requests, amounts, and reasons for recovery by Funding Request Number (FRN). The SLD must now recover the amount that was disbursed in error.

FUNDING DISBURSEMENT SYNOPSIS

On the pages following this letter, we have provided a Funding Disbursement Synopsis for the Form 471 application cited above. The enclosed report includes a list of the FRNs from this application for which recovery of erroneously disbursed funds is necessary.

Immediately preceding the Funding Disbursement Report, you will find a guide that defines each line of the Report. The SLD is also sending this information to the applicant named above.

TO APPEAL THIS DECISION

If you wish to appeal the decision indicated in this letter, your appeal must be RECEIVED BY THE SCHOOLS AND LIBRARIES DIVISION (SLD) WITHIN 60 DAYS OF THE ABOVE DATE ON THIS LETTER. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and e-mail address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify which Recovery Of Erroneously Disbursed Funds you are appealing. Indicate the funding request number and date of the Disbursed Funds Recovery letter. Your letter of appeal must also include the applicant name, the Form 471 Application Number, and the Billed Entity Number from the top of your letter.
3. When explaining your appeal, include the precise language or text that is at the heart of your appeal. By pointing us to the exact words that give rise to your appeal, the SLD will be able to more readily understand and respond appropriately to your appeal. Please keep your letter to the point, and provide documentation to support your appeal. Be sure to keep copies of your correspondence and documentation.
4. Provide an authorized signature on your letter of appeal.

If you are submitting your appeal on paper, please send your appeal to: Letter of Appeal, Schools and Libraries Division, Box 125 - Correspondence Unit, 80 South Jefferson Road, Whippany, NJ 07981. Additional options for filing an appeal can be found in the "Appeals Procedure" posted in the Reference Area of the SLD web site or by calling the Client Service Bureau. We encourage the use of either the e-mail or fax filing options to expedite filing your appeal.

While we encourage you to resolve your appeal with the SLD first, you have the option of filing an appeal directly with the Federal Communications Commission (FCC). You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be RECEIVED BY THE FCC WITHIN 60 DAYS OF THE ABOVE DATE ON THIS LETTER. Failure to meet this requirement will result in automatic dismissal of your appeal. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD web site or by calling the

Client Service Bureau. We strongly recommend that you use either the e-mail or fax filing options because of substantial delays in mail delivery to the FCC. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554.

Schools and Libraries Division
Universal Service Administrative Company

A GUIDE TO THE FUNDING DISBURSEMENT SYNOPSIS

Attached to this letter will be a report for each funding request from the application cited at the top of this letter for which a Recovery of Erroneously Disbursed Funds is required. We are providing the following definitions.

- **FUNDING REQUEST NUMBER (FRN):** A Funding Request Number is assigned by the SLD to each request in Block 5 of your Form 471 once an application has been processed. This number is used to report to applicants and service providers the status of individual discount funding requests submitted on a Form 471.
- **SPIN (Service Provider Identification Number):** A unique number assigned by the Universal Service Administrative Company to service providers seeking payment from the Universal Service Fund for participating in the universal service support programs.
- **SERVICE PROVIDER:** The legal name of the service provider.
- **CONTRACT NUMBER:** The number of the contract between the applicant and the service provider. This will be present only if a contract number was provided on the Form 471.
- **SERVICES ORDERED:** The type of service ordered from the service provider, as shown on Form 471.
- **SITE IDENTIFIER:** The Entity Number listed on Form 471 for "site specific" FRNs.
- **BILLING ACCOUNT NUMBER:** The account number that was established for billing purposes. This will be present only if a Billing Account Number was provided on the Form 471.
- **FUNDING COMMITMENT:** This represents the total amount of requested funding that the SLD committed to this FRN.
- **FUNDS DISBURSED TO DATE:** This represents the total funds that have been paid to you for this FRN.
- **FUNDS TO BE RECOVERED:** This represents the amount of Erroneously Funds Disbursed to Date. These erroneously disbursed funds will have to be recovered.
- **DISBURSED FUNDS RECOVERY EXPLANATION:** This entry provides a description of the reason SLD is seeking the recovery.

Funding Disbursement Synopsis for Application Number: 145391

Funding Request Number 235043 SPIN: 143007419
Service Provider: Connect2 Internet Networks Inc.
Contract Number: 2014
Services Ordered: INTERNAL CONNECTIONS
Site Identifier: 10473 IMMACULATE CONCEPTION SCHOOL
Billing Account Number:
Funding Commitment: \$39.20
Funds Disbursed to Date: \$56,212.00
Funds to be Recovered: \$56,173.00

Disbursed Funds Recovery Explanation:

After a thorough review it has been determined that the SLD must seek recovery of erroneously disbursed funds in the amount of \$56,173.00. During the course of an audit it was determined that funds were disbursed for products that were not delivered. Specifically, funds were disbursed for servers, hubs, and ports that were not installed, resulting in \$36,733.00 of erroneously disbursed funds. Based on conversation with the applicant and the fact that the servers and hubs were not installed, it has been concluded that wiring and integration costs of \$19,440.00 paid by SLD (based on pre-discount price of \$21,600 and ICS 90% E-rate discount) was not commensurate with the work performed and constitute an unreasonable waste of Fund resources. Based on these findings the SLD is seeking recovery of these erroneously disbursed funds.



Universal Service Administrative Company
Schools & Libraries Division

November 23, 2004

Connect 2 Internet Networks Inc.
Attn: John Angelides
26 Bay St.
Staten Island, NY 10301

RE: Beneficiary Audit

Dear Mr. Angelides:

The service provider for which you serve as the contact person ("you" or "your entity") or a school, school district, or library that selected you as a service provider was recently audited to evaluate its compliance with Federal Communications Commission (FCC) rules relating to the Schools and Libraries Universal Service Support Mechanism (E-Rate). The audit focused on Funding Year 2000 and found that your entity or the school, school district, or library was not in compliance with FCC rules because:

- Equipment/services were not installed and operational.

Enclosed with this letter is a copy of the Audit Report. As a result of your entity's or the school, school district, or library's non-compliance, the Universal Service Administrative Company (USAC) is seeking recovery consistent with the FCC's Orders.¹

This letter notifies you, as the contact person for the service provider that the Schools and Libraries Division (SLD) of USAC will take no action on pending or future Funding Request Numbers (FRNs) associated with your entity for Funding Years 2001 or later until USAC determines that your entity has reasonably complied with the request explained below. USAC may also heighten its scrutiny of any invoices submitted by your entity.

USAC is responsible for ensuring that funding commitments and disbursements are made in compliance with program rules.² In addition, USAC has a fiduciary duty to protect the Universal Service Fund from waste, fraud and abuse.³ You (and perhaps others), as the contact person for your entity have made a number of certifications and/or representations on FCC Forms 498, 472, 473 and 474 that you have submitted to USAC on behalf of your entity. False or incorrect certifications may result in numerous

¹ See *in re Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc., Schools and Libraries Universal Service Support Mechanism*, CC Docket Nos. 96-45, 97-21, 02-6, FCC 04-181 (rel. July 30, 2004).

² See generally 47 U.S.C. § 254; 47 C.F.R. § 54.500 *et seq.*

³ See 47 C.F.R. § 54.702.

consequences, including denial of funding, recovery of funds already disbursed and/or other enforcement actions. The audit finding(s) resulting in the non-compliance indicate that you failed to comply with one or more of the certifications that you made on program forms and/or that your entity has otherwise failed to comply with program requirements.

USAC requests that you provide the information and documentation explained below so that USAC can resume consideration of FRNs associated with your entity. If no response is received within six months of the date of this letter, or if no reasonable explanation for delay is provided within six months of the date of this letter, USAC will deny pending FRNs.

Your receipt of this letter does not mean that your entity is prohibited from responding to FCC Forms 470 or from submitting invoices to USAC. Once USAC has determined that your entity has reasonably complied with its request(s), USAC will resume consideration of any pending FRNs.

So that applicants may make informed decisions about how to proceed, a copy of this letter is being sent to all applicants associated with currently pending FRNs for which USAC would otherwise make additional commitments.

Please note that, depending upon USAC's review of the information that you provide, USAC may also need to request information and documentation for prior funding years.

WHAT TO ADDRESS REGARDING THE AUDIT FINDINGS

Below is an explanation of what to address regarding the audit finding(s) so that a determination can be made regarding the hold on your entity's commitments.

- Your entity's (you or your) non-compliance is the result of receiving disbursements from USAC for services and/or equipment that was not provided to your customer. You submitted a Service Provider Invoice Form (SPI Form or FCC Form 474) to USAC, and USAC disbursed funds to you. However, USAC's audit of your customer determined that the services and/or equipment for which USAC disbursed funds to you were not provided by you to your customer. In order to address this finding, your entity must develop and implement a plan to strengthen internal controls to ensure that when your entity submits a SPI Form, you have in fact provided the services and/or equipment to your customer, OR you are in the process of providing the services and/or equipment to your customer and you receipt of upfront payments and/or progress payments is included in the relevant contract between you and your customer.

You should consult FCC rules and orders available at the FCC website for details regarding these requirements.⁴ You must provide USAC with proof that you have taken these steps. This proof should consist, at a minimum, of a copy of your entity's plan to address this audit finding, and a description of how this plan has been implemented

⁴ See 47 C.F.R. §§ 54.501, 54.502, 54.503, 54.504(h), 54.517, 54.518, 54.519; Universal Service for Schools and Libraries, Service Provider Annual Certification Form, OMB 3060-0856 (October 1998) (FCC Form 473 or SPAC Form); Universal Service for Schools and Libraries, Service Provider Invoice Form, OMB 3060-0856 (October 2001) (FCC Form 474 or SPI Form)